

About the Coincident Economic Index

The purpose of the Coincident Economic Index (CEI) is to provide a summary measure of the current state of the economy in British Columbia and Metro Vancouver. Estimates of economic growth provide a benchmark to gauge performance and compare well-being over time and place.

The most widely recognized measure of the value of goods and services produced in an economy is Gross Domestic Product (GDP). However, there are no official, published estimates of GDP for any sub-provincial area. Official GDP estimates are available for B.C., but they are neither frequent nor current.

Various current and frequent economic indicators are available at the provincial and sub-provincial levels. The B.C. CEI is composed of hours worked, business incorporations, retail sales, goods exports, goods imports, housing construction, housing sales, manufacturing shipments and foreign travelers. The Metro Vancouver index is composed of employment, non-residential construction, housing construction, retail sales, housing sales, seaborne cargo and foreign travelers.

The idea behind the CEI is that these economic indicators share a common influence that can be measured by a single unobserved variable, or index, that represents the general state of the economy. The coincident index is identified as this common factor and is a weighted average of current changes in the economic indicators. The weights sum to one and are estimated by a sophisticated trending method. The index is scaled to match the mean and variance of estimated GDP.

The CEI is an information product developed by the Economics Department of Central 1 Credit Union. It is estimated on a monthly frequency and lags real time by one to two months owing to processing lags in the input data. Each update revises the entire history of the index and the latest estimates always take precedence over earlier estimates. The CEI is based on real, seasonally adjusted data and, therefore, changes over time are generally not attributable to price changes or recurring seasonal patterns.

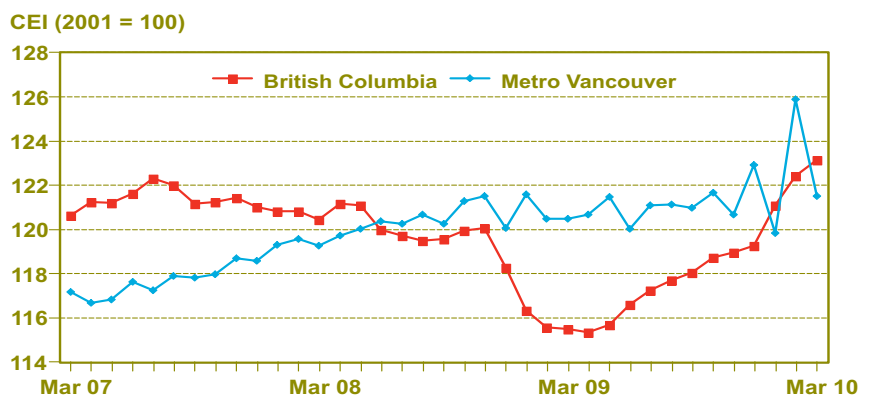
Unusually strong growth from Olympic Games and global restocking

British Columbia's economy expanded unusually rapidly in the first quarter of 2010, marking the third straight quarter of substantial growth, according to Central 1 Credit Union's Coincident Economic Index (CEI). The CEI recorded an 11% quarter-over-quarter increase at a seasonally adjusted annual rate (SAAR). Growth resulted from a surge in international traveller entries, higher manufacturing shipments, a lower international merchandise trade deficit and growth in total hours worked. These gains were partly offset by declines in existing home sales, housing under construction and business incorporations. Retail sales were little changed from the previous quarter.

International visitor entries surged in the first quarter due to the 2010 Olympic Winter Games but have subsequently returned to normal. Resumed growth in the global economy led to higher manufacturing shipments, commodity exports and hours worked. The hot housing market simmered down in the face of record high house prices and less stimulative financing terms. Consumer spending appears to have stagnated as household debt continued to grow and housing-related purchases slowed. B.C.'s international merchandise trade deficit declined, with imports inching down while exports increased.

Metro Vancouver's economy also grew in the first quarter of 2010 according to the CEI, the third straight quarter of weak growth. The CEI recorded a below-average 2% quarter-over-quarter increase at a seasonally adjusted annual rate (SAAR). Growth in the first quarter resulted from the boom in international traveller entries and higher seaborne cargo volume. These gains were offset by fairly sharp declines in housing sales and construction. Meanwhile, total employment, retail sales and non-residential construction were virtually unchanged from the fourth quarter last year.

Coincident Economic Index (CEI)
Real, Seasonally Adjusted, Monthly



Source: Central 1 Credit Union.

Coincident Economic Indexes Q1 2010

Central 1 Credit Union forecasts B.C.'s real GDP will expand by a below-average 2.5% this year, following an estimated 2.5% contraction in 2009. The very strong growth seen in the first quarter will slow as global inventories are restocked and monetary stimulus is reduced, and without the boost of the Olympic Games. Business investment in plant and equipment will continue to ebb as there is still considerable excess capacity in most industries. B.C.'s housing market will continue to slow from the post-recession boom, while growth in consumer spending will be dampened for some time to come.

CEI Indicators	Percentage Change	
British Columbia	Q1 2010 from Q4 2009	March from February
International Traveller Entries	9.9%	-17.9%
Manufacturing Shipments	6.5%	2.9%
BC-Origin Goods Exports	3.3%	0.1%
Total Actual Hours Worked	1.9%	1.0%
Retail Sales	0.1%	1.6%
BC-Cleared Goods Imports	-0.5%	0.2%
Business Incorporations	-1.3%	18.1%
BC Trade Deficit (Net Exports)	-6.1%	0.4%
Housing Under Construction	-12.3%	-2.4%
MLS® Residential Sales	-18.6%	-2.8%
Metro Vancouver		
International Traveller Entries	18.5%	-28.9%
Total Port Cargo Handled	14.3%	8.0%
Total Employment	-0.0%	-0.9%
Retail Sales	-0.1%	-0.5%
Non-Residential Construction	-0.2%	1.0%
Housing Under Construction	-15.3%	-4.1%
MLS® Residential Sales	-20.3%	-4.6%

Source: Statistics Canada, CREA, BC Stats, Port Metro Vancouver

Coincident Economic Indexes, Quarterly					
Real, Seasonally Adjusted, Annualized Rate of Change (%)					
	Q1	Q2	Q3	Q4	Annual
	2002				2002
British Columbia	7.3	6.5	0.7	2.9	3.2
Metro Vancouver	5.8	5.1	3.7	3.2	3.1
	2003				2003
British Columbia	3.0	6.0	10.3	4.4	4.5
Metro Vancouver	0.3	-0.6	3.4	4.4	2.0
	2004				2004
British Columbia	1.3	2.3	2.0	1.2	3.5
Metro Vancouver	3.8	4.8	2.3	2.9	3.5
	2005				2005
British Columbia	7.7	3.8	1.7	8.4	4.0
Metro Vancouver	2.1	1.9	2.6	2.9	2.5
	2006				2006
British Columbia	8.4	-3.5	0.7	3.1	3.6
Metro Vancouver	1.8	3.9	3.6	1.2	2.7
	2007				2007
British Columbia	-0.1	2.5	1.5	-1.9	0.9
Metro Vancouver	2.6	2.1	2.2	2.6	2.4
	2008				2008
British Columbia	-1.8	0.2	-3.8	-0.5	-0.9
Metro Vancouver	3.3	2.2	1.2	1.9	2.4
	2009				2009
British Columbia	-11.6	0.2	6.3	4.6	-2.5
Metro Vancouver	-0.3	-0.4	1.1	2.2	0.8
	2010				2010
British Columbia	11.3	--	--	--	--
Metro Vancouver	2.2	--	--	--	--

Source: Central 1 Credit Union

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